Agency Efficiency Review Accomplishments
Reported as of August 2006
Prepared by the Governor's Office of Efficiency Review

Since the inception of Efficiency Review (ER), and initiative established by Governor Napolitano in 2003, the State of Arizona has been able to realize savings in a number of different areas. State agencies have been participating in Efficiency Review by implementing projects that have resulted in these savings. The Governor's Office of Efficiency Review has worked with each of the participating agencies to identify their top accomplishments. The agencies included are as follows:

1. Arizona Department of Administration (ADOA)
2. Arizona Department of Agriculture (ADA)
3. Arizona Department of Corrections (ADC)
4. Arizona Department of Commerce (ADOC)
5. Arizona Department of Economic Security (ADES)
6. Arizona Department of Environmental Quality (ADEQ)
7. Arizona Department of Game and Fish (ADGF)
8. Arizona Department of Health Services (ADHS)
9. Arizona Department of Housing (ADOH)
10. Arizona Department of Insurance (ADOI)
11. Arizona Department of Juvenile Corrections (ADJC)
12. Arizona Department of Public Safety (ADPS)
13. Arizona Department of Real Estate (ADR)
14. Arizona Department of Revenue (ADOR)
15. Arizona Department of Transportation (ADOT)
16. Arizona Health Care Cost Containment System (AHCCCS)
17. Arizona Office of Tourism (AOT)
18. Arizona Registrar of Contractors (AROC)
19. Arizona State Land Department (ASLD)
20. Arizona State Parks (ASP)
21. Government Information Technology Agency (GITA)

Arizona Department of Administration (ADOA)

Hiring Gateway

ADOA has successfully completed the implementation of the State's first paperless recruiting and hiring system. Hiring Gateway reduces costs and eliminates duplication by automating the entire hiring process from the creation of the hiring requisition to the filling of the position. Full roll-out of the program was completed October 2005. Reductions in time have been realized in all areas; routing of requisitions, posting jobs, time to fill positions, and finalizing the hiring process. Other efficiencies include:

- Lower fees than a conventional print ad in a newspaper,
- Greater exposure than a conventional print ad in a newspaper,
- A direct link to our state website for resume submittal,
- Acknowledgement estimated at 98%, that job seekers will go to the internet versus the newspaper next time they look for employment, and
- Reduction of bureaucracy by providing a single statewide job board for applicants to seek Arizona State government employment.

Savings: $1.9 million

Methodology: Staff Productivity.

Redeployment: Not provided.

Your Employee Services (YES)

As of July 2005, the State now provides a website called Your Employee Services (YES) for employees to obtain information about their pay, leave balances, benefits, job opportunities, and educational opportunities offered by AzGU. This website is also used for statewide benefits open enrollment. This is a significant efficiency for state government in that it reduces the number of calls that employees make to various departments (i.e., Payroll, HR) to obtain some of this information and also the potential to eliminate costs of producing paper documents since the information is readily available on the website.

Savings: $130,000

Methodology: Staff Productivity.

Redeployment: Not provided.

Agency Efficiency Review Accomplishments, *Continued…*

Arizona Department of Administration (ADOA), *Continued…*

Fleet Reduction

In June 2005, ADOA proposed a minimum mileage policy to the ER Steering Committee to improve utilization of state fleet vehicle assets. The policy:
- Applies to light duty vehicles (<8,500 GVW) only;
- Sets a standard of 1,000 miles driven per month for all state fleets; and
- Excludes the Department of Public Safety, the universities, and the community colleges

Savings: $5.1 million

Methodology: Not provided.

Redeployment: The savings from fleet have been re-deployed within the agencies based upon their programmatic priorities.

Value in Procurement (VIP)

The Value in Procurement Program (VIP) has focused on the implementation of strategic sourcing for the entire State enterprise to better leverage the State's purchasing power since January 2005. VIP also focuses on the use of "environmentally friendly" products and contracting with small, minority, and women owned businesses. Awards to these types of businesses has increased from 44% to now 63% of awards being awarded to them, which is an increase of 19%. The primary VIP goal was to achieve a savings of $136.2 million through FY 2010. Other efficiencies include:
- Increased usage of small/minority/woman owned businesses,
- Improved contracting and usage of set-aside providers,
- Reduction in the number of individual contracts,
- Improved coordination of procurement among all state agencies,
- Distribution of statewide contracting to the large state agencies as Strategic Contracting Centers,
- Implementation of new procurement classifications for Strategic Contracting Centers and salary increases of 5%, and
- Development of a cooperative certification program

Savings: $128.6 million (Savings reported here are a projection of savings to date, which leaves $7.6 million to reach the goal of $136.2 million)

Methodology: Not Provided.

Redeployment: The savings from VIP have been re-deployed within the agencies based upon their programmatic priorities.

Arizona Department of Agriculture (ADA)

AZNet Early Pay Credit

The Department was one of only a few agencies to take advantage of AZNet's Early Pay Credit every month during the fiscal year.

Savings:	$2,500
Methodology:	Savings reported for FY06 only.
Redeployment:	Not provided.

Fleet Management

The Department reviewed the use of State vehicles and reduced its motor pool fleet by 22 vehicles. The efficiencies included combining travel when possible, cross training employees so that fewer employees need to travel in order to provide services, and reimbursing employees for use of their own vehicles when that is more cost effective than utilizing a motor pool vehicle.

Savings:	$148,300
Methodology:	Savings reported for FY06 only.
Redeployment:	Not provided.

Yuma Office Relocation

The Department's Yuma office moved to another facility, resulting in a savings of $28,500 in rent and $1,000 in utility costs. Previously, the Department leased commercial office space at a cost of $2,575/month. Current office space consists of several pre-fabricated units from the State Hospital. The office is located on the University of Arizona extension farm at a cost of $200 per month.

Savings:	$29,500
Methodology:	Savings reported for FY06 only.
Redeployment:	Not provided.

Purchasing

The Department reviewed and reduced cell phone and desk phone services and pagers.

Savings:	$16,600
Methodology:	Savings reported for FY06 only.
Redeployment:	Not provided.

Arizona Department of Agriculture (ADA), *Continued...*

Electronic Communications

Electronic communication was utilized instead of traditional mailing of items such as reports, council member communications, and licensing applicant communications.

Savings: $1,000

Methodology: Savings reported for FY06 only.

Redeployment: Not provided.

Arizona Department of Commerce (ADOC)

Energy Savings

On July 1, 2006 the Department of Commerce submitted the annual State Agency Energy Usage Report to the President of the Senate and the Speaker of the House. Commerce is required to annually collect information from the state agencies and state universities to track their progress towards meeting the 10% reduction mandate by 2008. This is a summary of the *third* annual report. Overall, agencies have made progress toward meeting the 10% reduction.

Highlights of the report include:
- The Department of Emergency and Military Affairs reported energy consumption at 31% lower than the FY 2001-2002 baseline period.
- The University of Arizona reports their energy usage is down 6.5% from the baseline.
- ADOA was awarded Energy Star Building labels from the US EPA for the ADOA, ADEQ, and the ADHS office buildings. All three of these buildings were constructed under the Privatized Lease to Own methodology known as PLTO.

Savings:	$5.8 million
Methodology:	Dollar savings reported by state agencies and state universities.
Redeployment:	Savings from this initiative are used to absorb the increasing costs of ongoing state operations (i.e., lease increases and health and dental increases).

Arizona Department of Corrections (ADC)

MVD Call Center

Inmates are expected to acquire job skills and work habits necessary to successfully re-enter society throughout their incarceration by attending school and earning a high school equivalency diploma, completing "real world" jobs training, and then working full-time in prison. The MVD Call Center operated jointly by the Department's Arizona Correctional Industries (ACI) and the Arizona Department of Transportation Motor Vehicles Division (MVD) at two Arizona State Prison Complexes, Perryville (60 inmates) and Tucson (23 inmates), is one work programs that yields savings to taxpayers while preparing prisoners for re-entry. Carefully selected and well trained inmates are assigned full-time to MVD call centers to answer first level inbound calls from citizens with general questions about MVD. MVD staff monitor these calls for quality assurance. With the support of ADC, MVD is able to provide an increased level of public service that it would otherwise be unable to deliver with current funding and staffing levels issues.

ADC is pursuing expansion of its Call Centers to other state agencies. To date, there have been follow-up conversations with nine departments, of which, four are considering incorporating inmate-staffed call centers in their long-term planning. Development of a working agreement with one agency is in progress, subject to funding.

Savings:	$2.1 million
Methodology:	Over the past four fiscal years, inmate call center workers have logged over 525,473 hours. Assuming conservatively that MVD employed and paid 83 MVD workers minimum wage to perform these duties, MVD enjoys a cost avoidance of $4.05 per hour per inmate [$5.15/hour (minimum wage) minus $1.10 hour (actual inmate average hourly wage of 65¢ + 45¢ ACI general contract administration cost, including wages)].
Redeployment:	Savings from this initiative are used to absorb the increasing costs of ongoing state operations (i.e., lease increases and health and dental increases).

Reduced Inmate Lawsuits

ADC's commitment to finding and fixing the root causes of legitimate concerns by adopting evidence-based practices is making change happen. As a notable example, there has been a reduction in the number of new lawsuits filed by 41% from 316 in FY03 to 185 in FY06, a period in which the average daily inmate population increased 10.6%. The Department's improved approach to problem solving has reduced filings from 10.6 to 5.6 per 1,000 inmates over that same time frame.

Savings:	$316,627
Methodology:	From FY03 to FY05, the average state cost per lawsuit filed was $2,417. The reduction of cases from 316 to 185 represents a cost avoidance of 131 cases x $2,417 = $316,627.
Redeployment:	Cost avoidances have been applied toward budget shortfalls.

Arizona Department of Corrections (ADC), *Continued…*

Interagency Agreement with ICE

The Department entered into the country's first Memorandum of Understanding (MOU) with U.S. Immigrations and Customs Enforcement (ICE) in August 2005. The MOU authorizes qualified ADC staff to perform specific deportation functions, expediting the deportation of eligible ADC inmates, thereby reducing the number of bed days in ADC custody. By November 2005, ten ADC staff and two supervisors had been trained, certified, and deployed to the Department's intake units to assist ICE. From the program's inception in November 2005 through June 2006, ADC expedited the deportation of 352 foreign national inmates and ADC realized a reduction of 104,150 bed days.

Savings: $5.8 million

Methodology: From the program's inception in November 2005 through June 2006, ADC expedited the deportation of 352 foreign national inmates. Bed day utilization was cut by 104,150 bed days, yielding a cost avoidance of $5,852,188.50.

Redeployment: Cost avoidance was redeployed to reduce the FY06 budget shortfall.

Inmate Intake Improvements – "Fast Track" Intake Process

From the program's inception in December 2004 through July 2006, 6,363 "fast track" inmates were sentenced to ADC. "Fast track" inmates are those with less than six months to serve at intake. To move this population to transition-specific discharge planning as soon as possible, the "fast track" inmates' intake process was cut from 5 to 3 days by streamlining the intake process, eliminating certain assessments not suitable for inmates with short term confinements.

Savings: $501,785

Methodology: The cost to house and process each newly admitted inmate is $95.62 per day, $39.43 more than the average per diem of $56.19 for inmates transferred to general population units. By reducing the number of days 6,363 "fast track" inmates stayed in intake units to date, ADC avoided spending $501,785.

Redeployment: Savings from this initiative are used to absorb the increasing costs of ongoing state operations.

Agency Efficiency Review Accomplishments, *Continued…*

Arizona Department of Corrections (ADC), *Continued…*

Inmate Intake Improvements – Expedited Transfers

ADC streamlined its intake process to expedite the admission of all prison-ready inmates to within a day of notification of sentencing by the county, reducing county jail billings by 63% to date. In FY04 ADC paid $2,434,899 to county jails to hold prison-ready inmates. After streamlining the intake process ADC cut its payments to county jails from $2,434,899 to $1,416,265 in FY05. In FY06 (for which 13th month reconciliation is pending), ADC cut county jail payments further to an estimated $752,782.

Savings: Just under $2.0 million

Methodology: Not provided.

Redeployment: Cost avoidances accrued in FY06 were redeployed to reduce the FY06 budget shortfall.

Inmate Fire Crews

Over the past three fiscal years, ADC has expanded its inmate fire crews from six in FY04 to 15 in FY06. Today, 45 ADC staff and 300 inmates at nine prison complexes including ASPC-Perryville, a women's prison, staff the fifteen crews. Training, equipment, and assignments are provided by the State Land Department. The crews respond to wild land fires throughout the fire season. During the other months, the crews remove brush and clear dead timber to reduce available fuel for future fires and they also engage in reforestation activities, including raising and planting seedlings.

During FY04, crews dedicated 48,082 hours to fire suppression and 17,147.5 hours to brush abatement, for a total of 65,229.5 hours. During FY05, crews worked at fire suppression for 139,225 hours and performed brush abatement projects for 137,765 hours, totaling 276,989 hours. In FY06, crews worked 126,709 hours fighting wild land fires and 196,039 hours at brush abatement projects, for a total of 322,748 hours. State Land Inmate Fire Crews provide an increased level of public service to the State of Arizona that could not otherwise be delivered given current funding and staffing levels. Assuming conservatively that each fire crew worker earns minimum wage, Arizona citizens realize a cost savings of $4.65 per hour per inmate deployed by employing inmate workers.

Savings: $3.1 million

Methodology: State Land Inmate Fire Crews have worked more than 554,966 hours, yielding a cost avoidance of $3,092,094 to the State.

Redeployment: Not provided.

Arizona Department of Economic Security (ADES)

Family Foster Care Recruitment

Through the use of specific strategies begun in September 2003 and expanded in subsequent years, DES has increased its recruitment of foster homes. Strategies have included media campaigns, employing district recruitment liaisons, establishing a toll free number for prospective foster care families and participating in statewide conferences. These strategies have resulted in 945 more licensed foster homes in April 2006 compared to September 2003. Foster homes provide a more family-like environment than congregate settings such as shelters and group homes. Foster care homes are also significantly less expensive than congregate settings. The State pays $800 to $900 per child per month for a foster home, compared with as much as $3,300 per child per month for a group home.

Savings: $995,600

Methodology: Only FY04 and 05 savings are reported. FY06 savings will be determined by October 1, 2006.

Redeployment: Savings are reinvested to address shortfalls in Children's Services funding.

Streamline Foster Home Licensing and Quick Connect

In September 2003, DES initiated a project to streamline the foster home licensing process by consolidating forms in a manner that eliminated duplicative questions, training contracted service providers, amending operating procedures, and transferring DHS foster home inspection responsibility to DES. This project allowed the Department to keep pace with a 50% increase in the number of foster homes being licensed from FY04 through FY05 with no additional resources, thereby avoiding $330,000 in costs during FY05. Phase 2 of this project, rolled out in April 2006, was the development and implementation of Quick Connect, a foster home application database accessible via web portal, resulting in improved customer service and a reduction in paper work of 9%.

Savings: $163,500

Methodology: Annualized cost avoidance upon full implementation.

Redeployment: Savings will assist the Department in maintaining licensing service levels and will enhance savings resulting from the increased use of family foster homes as reported in the Family Foster Care Recruitment project above.

Arizona Department of Economic Security (ADES), *Continued…*

Electronic Pay Card

Rather than issue paper warrants for payment, in July 2005 the Department implemented electronic fund disbursement processes for unemployment insurance benefit recipients. By utilizing electronic transactions, the Department reduces the number of paper warrants used in a year.

Savings: $240,000

Methodology: Only FY04 and 05 savings are reported. FY06 savings will be determined by October 1, 2006.

Redeployment: FY05 savings offset a reduction in grant funds for the UI program from the Federal Government, assisting the program in maintaining service levels to customers.

IT Equipment Purchase

A cross-divisional team assessed the process used to purchase IT equipment; studied best practices, and re-engineered the process to achieve efficiencies. Re-engineering reduced the IT purchase process from 27 steps to 12. Initiated in January of 2004, this project was fully implemented in October 2005.

Savings: $14,000

Methodology: Only FY04 and 05 savings are reported. FY06 savings will be determined by October 1, 2006.

Redeployment: Savings will be reinvested in needed equipment.

Family Assistance Administration Communication Center

In order to maintain an acceptable level of quality, timeliness and customer service while experiencing a caseload growth from 500,000 to 1.5 million with no corresponding increase in staffing between FY01 and FY05, DES has implemented a Centralized Communication Center. The Communication Center provides customers statewide with an Integrated Voice Response (IVR) to answer customer questions 24/7. The Center also reduces the time required to process reported changes (i.e., address, income, household members, etc.) from Maricopa County customers. The centralization, specialization, and automation features of this project are projected to result in cost avoidances of $800,000 per year in FY07 and $900,000 per year thereafter.

Savings: $0

Methodology: Cost avoidances of $800,000 per year will be realized in FY07 and $900,000 per year thereafter.

Redeployment: Savings will serve to reduce the level of Family Assistance Administration staff that will be requested in future budget years.

Arizona Department of Environmental Quality (ADEQ)

Fleet Reduction

The department avoided costs totaling $50,600 by complying with Executive Order 2003-14. This was accomplished by returning vehicles to the ADOA fleet. To date, ADEQ has accumulated more than $180,000 in savings from this fleet reduction.

Savings: $180,000

Methodology: Costs associated with the reduction of fleet vehicles.

Redeployment: Cost avoidances from this initiative reduce the liability on State funds to absorb the increasing costs of ongoing state operations.

ADEQ Postage Contract

ADEQ contracted postage/mailing services with ADOT in September, 2004. Using ADOT's substantial mailing resources has saved the Agency resources in direct postage costs, but the Agency is also realizing savings from not having to lease several pieces of postage equipment that would have otherwise been needed. To date, ADEQ has accumulated more than $13,000 in savings through avoiding the leasing of such equipment.

Savings: $13,000

Methodology: Costs associated with avoiding the leasing of postage equipment.

Redeployment: Savings from this initiative help to absorb the increasing costs of ongoing state operations.

Out-of-State Travel Reduction

The department reduced out-of-state travel expenditures greatly from FY03 to FY04. This reduction was accomplished by a change in the approval process. Now all out-of-state travel requests are routed through the Director's office for approval. Only the most critical out-of-state travel that pertains to the mission of the Agency is approved. To date, ADEQ has accumulated more than $47,000 in savings using FY03 as a baseline.

Savings: $47,000

Methodology: Savings were calculated using FY03 as a baseline.

Redeployment: Savings from this initiative help to absorb the increasing costs of ongoing state operations.

Arizona Department of Environmental Quality (ADEQ), *Continued…*

P-Card Savings

The Agency has recently significantly increased its use of the AMEX P-Card for an average of 147.5 transactions per month. This increased use over traditional check writing allows the Agency to avoid costs associated with paper transactions.

Savings: $0

Methodology: ADEQ estimates saving approximately $88,500 in FY07 and beyond.

Redeployment: Savings from this initiative will help to absorb the increasing costs of ongoing state operations.

Printer and Copier Replacement

The Agency replaced 72 out of 82 printers with multi-functional print/copy/scan/FAX devices. All remaining printers have been designated for a specific purpose such as printing to specialty forms that could not be accomplished by the new multi-functional machines. The new multi-functional devices allow the Agency to reduce the price per print/copy impression and the contractor factors in support costs with the individual cost per impression.

Savings: $34,000

Methodology: Estimates were calculated using the reduced cost per print/copy impression and the associated support costs.

Redeployment: Savings from this initiative will help to absorb the increasing costs of ongoing state operations.

Energy Savings

ADEQ's building was built using "green" building materials and has received Energy Star Designation from EPA. The design features of the building such as a reflective white colored roof and Low-E windows enable the agency to save on heating and cooling costs. Sensor controlled lighting and energy efficient light bulbs save on electricity costs as well. There is also a built in irrigation system that uses water from the cooling tower to irrigate the landscaping; thus reducing the amount of potable water used by 100%.

Savings: $0

Methodology: Savings not yet estimated.

Redeployment: Not provided.

Arizona Department of Game and Fish (ADGF)

Title

Not provided.

Savings:	Not provided.
Methodology:	Not provided.
Redeployment:	Not provided.

Arizona Department of Health Services (ADHS)

Arizona Genealogy Website

In February 2004, the Arizona Department of Health Services established a new free genealogy web site. This state web site puts more than 400,000 historical Arizona birth and death records at the fingertips of people interested in genealogy, with over 4.1 million successful server requests. This means that more than 4 million visitors have accessed the historical records.

Before the website was available, accessing historical records was cumbersome and costly, requiring manual searches by state Vital Records employees, a $3 fee per request, and a two- to three-week wait to receive them. There have been more than 3.1 million documents downloaded from this website. If these documents had been requested from the State's Office of Vital Records, it would have cost the public more than $9 million ($3 per document). This figure does not include savings to the public in regard to not having to travel to the state Vital Records office to get the document.

Savings:	$13 million
Methodology:	Labor savings are calculated based upon the amount of time required to process 3.1 million over the counter requests (20minutes x 3.1 million = 1.03 million hours) multiplied by the average hourly rate of $13.00.
Redeployment:	Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Medicaid BHS Administrative Cost Avoidance

This project avoids cost increases to Medicaid-reimbursable behavioral health services by reducing contractors' allowable administrative costs and profit. By reducing the amount underwritten for administrative costs and profit within the Title XIX capitation rates, Health Services is avoiding cost increases. The reduction in contractors' administrative costs and profit was made possible, in part, by a Health Services initiative to streamline the intake and assessment process for persons receiving behavioral health services. The new streamlined process better engages clients in treatment while reducing contractors' required paperwork. Contractors should annually complete 3.3 million less sheets of paper and save approximately 99,981 staff hours devoted to paperwork.

Savings:	$6.4 million
Methodology:	Cost Avoidance to date is $19.75 million ($13.35 million Federal Title XIX funds and $6.4 million General Funds).
Redeployment:	Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Arizona Department of Health Services (ADHS), *Continued...*

Non-Medicaid BHS Administrative Cost Avoidance

Health Services is able to reduce contractors' administrative costs by streamlining intake and assessment processes and reducing paperwork. Savings have been used to offset a substantial shortfall in paying for non-Medicaid services for the Seriously mentally ill. Services provided included inpatient care, medications, and community services including clinical case management, housing services, crisis intervention, mobile crisis teams, day treatment, vocational training, rehabilitation services, peer support, social support, recreation services, advocacy, family support, outpatient counseling/treatment, transportation, and medication evaluation and maintenance.

Savings: $1.64 million

Methodology: Not provided.

Redeployment: Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Consultant Cost Reduction

Health Services is achieving net savings by adding information technology and operational staff rather than hiring consultants.

Savings: $256,600

Methodology: Staff costs versus consultants fees.

Redeployment: Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Printing Cost Reduction

All mandated reports are now being placed on our Web site. Any printing that does occur, requires the approval of an Assistant Director. In addition, ADHS' new printing contract guarantees a 10% savings over historical printing costs on like items.

Savings: $211,700

Methodology: Not provided.

Redeployment: Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Agency Efficiency Review Accomplishments, *Continued...*

Arizona Department of Housing (ADOH)

Customer Service Consolidation

From September – December 2006 the Arizona Department of Housing played a concerted effort along with DEMA, ADES, and a myriad of other State agencies in responding to the Governor's *Operation Good Neighbor* – Hurricane Katrina relief efforts. By having all agencies cooperate together as a whole to provide different but necessary services to evacuees from one location, the State's ability to provide quality customer service was enormously enhanced and the cost to individual agencies was reduced significantly. Since the closing of the State's service center for this effort, ADOH has continued to work with ADES and a group of nonprofit organizations to continue to provide consolidated relief assistance to evacuees through the ADES offices on Southern Avenue in Phoenix. Thus, one year after this emergency, the State is still continuing to provide consolidated services to provide the best customer service that it can for this effort.

Savings:	$0 – DEMA may be able to provide cost avoidance estimates. DEMA was the lead agency of the effort.
Methodology:	Not provided.
Redeployment:	Not provided.

Customer Service Enhancement

ADOH, along with other State agencies (ASU and ASU West Schools of Nursing, ASU School of Social Work, Arizona Department of Economic Security, ASU Homeless Legal Assistance Project, Arizona Department of Corrections – Parole, and Arizona Department of Health Services – Behavioral Health, and perhaps others) are all providing funding or services to the Human Services Campus in downtown Phoenix to provide consolidated services to the homeless population of Maricopa County in one location. The success of the Human Services Campus is attributable to a collaborative partnership that includes government agencies at the State, County and Local levels, the non-profit community, social service organizations, for-profit business partners and the faith-based community. This effort identified and addressed the critical needs of the homeless, shared in the development of the physical space (ADOH has contributed over $1.8 million to this effort, over $1.2 million of that being development funding for the construction of the shelter/housing opportunities offered on campus), and the design of the Day Resource program model, and continues to share in the day-to-day operation of the Campus. The Human Services campus now makes possible, a timely and efficient response to immediate community needs as evidenced in the organized efforts to reduce the impact of high temperatures experienced this summer. Likewise, the collaboration has increased the ability of the community to provide resources to accommodate the overflow of shelter operations. This collaboration is clearly a model for a regional approach to homelessness.

Savings:	$0
Methodology:	Not provided.
Redeployment:	Not provided.

Arizona Department of Housing (ADOH), *Continued…*

Deferred Space

Since moving to the Executive Tower of the State Capitol (1700 W. Washington) in March of 2003, the Arizona Department of Housing has experienced about a 30% growth in its employee base. The addition of staff positions was a natural progression as a brand new agency, one that we knew would happen, but the space we were moved into did not easily accommodate. Four times we have worked extensively with the Arizona Department of Administration (ADOA) to reconfigure the space, making alterations and consolidating offices, file rooms, meeting rooms, and cube spaces to accommodate more staff at this one location. Ideally, based on ADOA's formula of 220 square feet per staff person, ADOH should inhabit about 15,840 square feet of office space in FY07.

ADOH is now utilizing just over 12,000 square feet, which is inadequate. The Agency will ultimately be faced with the necessity to move, but in order to accommodate needs for at least one more year at the current location, the Agency worked with ADOA and the Governor's Office to identify an underutilized storage space behind the kitchen of the Governor's 2nd Floor Conference Room. By adding this small but crucial space to the Agency's work area, ADOH is able to accommodate four additional work spaces and will be able to stall an inevitable move by at least one more year. All staff being housed in contiguous space is considered very important to keeping the Agency as one cohesive working unit. Had the Agency had to relocate several staff members to another floor of the Executive Tower, it would have cost us greatly; not only financially and in lost productivity, but in employee morale as well.

Savings: $0 – Cost avoidances have not yet been determined.

Methodology: Not provided.

Redeployment: Not provided.

Elimination of Printing/Postage

ADOH estimates savings of approximately $30,000 annually on printing costs for agency documents and materials which are all now available for downloading from the Agency's website or by other electronic means. Besides a cost savings realized on printing and postage costs, being able to obtain these documents immediately through the website provides much greater customer service to constituents.

Savings: $30,000

Methodology: Printing costs no longer realized.

Redeployment: Not provided.

Arizona Department of Housing (ADOH), *Continued…*

Reduced Out-of-State Travel/Training Requests

Over the past several years, the Agency has required that prior to the beginning of every fiscal year, supervisors submit their out-of-state travel/training requests for review and approval. The Director then pre-approves necessary trips prior to the start of the fiscal year. This review at a higher level allows management to identify duplicate requests to attend the same function by more than one division, gives management the opportunity to find in-state training options instead of out-of-state options identified by staff, and helps to better scrutinize all requests for attendance at conferences,. This effort has reduced ADOH's travel/training costs by nearly 50% (over initial requests received.) The Agency has also noticed, since implementing this plan, that employees' travel requests have become more reasonable over time as this process has instilled in supervisors the need to prioritize and utilize keener self-evaluation of their own needs before submitting their requests for the budgeting process.

Savings: $0

Methodology: Not provided.

Redeployment: Not provided.

Arizona Department of Insurance (ADOI)

Paperless Licensing

The Department of Insurance worked with the Independent Insurance Agents and Brokers to craft legislation (Laws 2004, Ch. 162, § 3) to allow the Department to issue licenses electronically. Paper license certificates can always be counterfeited, and a paper license certificate becomes outdated as licensee information changes. The Department had already provided public access to online, real-time license information via its Internet web site. The new law simply allows the Department to have this information serve in place of a physical license certificate. ADOI selected this as a top efficiency initiative because although it does not offer the greatest amount of savings of our efficiency initiatives, it is easily to replicate (other agencies could seek similar legislation or legislation could be enacted on a statewide basis) and it promotes consumer protection by ensuring that only up-to-date licensing information constitutes the license.

Savings:	$35,681
Methodology:	Savings consists of reduced postage costs ($0.1300 per license), reduced envelope costs ($0.0935 per license), reduced staff time ($0.0646 per license).
Redeployment:	Savings were used to offset prior year unfunded health and retirement cost increases and to Absorb cost increases of ongoing operations.

Lengthened License Term

The Department of Insurance worked with the Independent Insurance Agents and Brokers to craft legislation (Laws 2004, Chapters 162 and 317) to change the term of an insurance professional license from two years to four years, and to cause licenses to expire at the end of the licensee's month of birth. The law was enacted following previous legislation that requires an insurance professional to notify the Department within 30 days of certain administrative and judicial actions taken against the licensee. Because insurance professionals are required to report these actions contemporaneous to their occurrence, renewal applications have become much less important as a regulatory asset. By modifying the license term from two to four years, the Department will ultimately receive half of the renewal applications each year that it would otherwise receive. ADOI will begin seeing savings from this initiative in the form of reduced renewal application workloads starting in January 2007.

Savings:	None identified until FY07.
Methodology:	Not provided.
Redeployment:	Not provided.

Agency Efficiency Review Accomplishments, *Continued…*

Arizona Department of Insurance (ADOI), *Continued…*

Electronic Non-resident Licensing (eNRL)

The National Insurance Producer Registry ("NIPR") allows an insurance professional licensed in a "home" state to apply for non-resident licenses in other states with a singular eNRL license application administered over the Internet. The eNRL system validates and transmits application data with fees to state insurance departments for review. Arizona implemented the eNRL system in February 2005. For Arizona, the eNRL system works hand-in-hand with the Department's Licensing Database to determine whether the applicant qualifies for a license based on the information provided. When grounds exist to deny the application, the eNRL system pends the application and informs the applicant of additional information that must be provided to the Department. When no such grounds exist, the eNRL system passes information to the Department's Licensing Database, which automatically issues a license after ensuring the data is valid. By making Arizona's non-resident license application process easier and more accessible, ADOI observed a substantial increase in the number of non-resident license applications received in FY06, resulting in approximately $110,000 of additional revenue from license fees deposited to the General Fund.

Savings: $85,725

Methodology: Savings are shown for FY05 and 06.

Redeployment: Not provided.

Online License Renewal System

ADOI is working with GITA and IBM to develop an online license information update and renewal system, which will enable most currently licensed insurance professionals to update their own demographic information and to renew licenses with an online renewal application. Akin to the earlier-described eNRL system, the online renewal system will validate data, apply the Department's license renewal business rules and check outside databases to ensure a licensee is eligible to renew the license online. ADOI expects to implement the system by the beginning of February 2007. Once implemented, the Agency expects that at least 40% of license renewals will be completed online. The system is expected to cost a total of $279,000, with $150,000 spent by GITA for IBM development costs, and with $129,000 spent by the Department to modify its systems. Savings could be promoted if legislation were enacted authorizing the director to impose a surcharge for applications, payments, and filings submitted in paper form that could be electronically submitted.

Savings: ($150,000) for development.

Methodology: Costs are shown for FY06.

Redeployment: Not provided.

Arizona Department of Insurance (ADOI), *Continued…*

Online Subscription Services

ADOI purchased and now maintains ListServ software that enables the Department to promulgate its regulatory bulletins, newsletters, and press releases electronically, and allows the public to subscribe to (or unsubscribe from) any or all of these publications without employee intervention. The Department avoids postage, mailing, and employee costs associated with sending the publications in physical form. It may be interesting to explore whether subscribing to this type of software on an enterprise-wide basis would offer any additional efficiencies to Arizona state government.

Savings: $12,100

Methodology: Not provided.

Redeployment: Not provided.

Agency Efficiency Review Accomplishments, *Continued...*

Arizona Department of Juvenile Correction (ADJC)

ASH Federal Participation

In FY06, the ADJC pursued greater cooperation with the Department of Health Services (DHS) and the Arizona Health Care Cost Containment System (AHCCCS). The purpose of this endeavor was to increase federal participation for Department costs when youths are committed to the Arizona State Hospital (ASH). These services are reimbursable under the federal Title XIX program. ADJC needed to increase the awareness of its youth and their eligibility to DHS and AHCCCS and delineated an operating process to utilize federal funds for these services. In recent years the Department has expended approximately $250,000 for civil commitment services for the placement of at-risk youth. Under this new operating premise, the Department anticipates saving $125,000 annually. Not all of the Department's civil commits occur in the ASH facility. There are also private contractors the Department uses depending on the youth needs and family availability.

Savings: $0 – Savings have not yet been realized, but are estimated to be at $125,000 annually.

Methodology: Not provided.

Redeployment: Not provided.

Video Conferencing Solution

In FY06, ADJC, as part of a federal Re-Entry pilot program, implemented a video conferencing solution to improve Department communications. This solution connected all of the Department's facilities, Central Office, and the Tucson parole office via video conferencing equipment. The use of this equipment has quickly spread throughout the Department's operations. From parole hearings, to training classes, video conferencing is connecting the Department without the expense of travel or excess of time. Department employees do not need to travel as much for meetings, saving both time and travel expenses. The Department estimates net savings to be approximately 12,000 annually. Although, this amount may appear marginal, the impact video conferencing has made upon the Department is unmistakable. The savings consist of $35,000 in less travel costs; less for meals, private vehicle reimbursement, and fuel costs. With an additional $27,000 of staff time savings, time they don not have to waste in transit. Although this savings is in productivity and not tangible dollars, the Department recognizes the productivity impact.

Savings: $0 – Savings have not yet been realized, but are estimated to be at $12,000 annually.

Methodology: This $62,000 of savings is offset by a $50,000 increase in costs to maintain the system- primarily due to the AZNet MPLS data connections for the system.

Redeployment: Not provided.

Arizona Department of Public Safety (DPS)

Contact Tracking System

In FY05, DPS instituted an optical scanning system to read information from the source documentation (i.e., citation, warning, repair order, etc.) associated with each public contact by an officer. With this system, the Department has realized a cost avoidance of at least $347,700 in personnel costs by not having to key-in the data.

Savings: $347,700

Methodology: Not provided.

Redeployment: Not provided.

Reduced Fuel Consumption

Numerous strategies are being employed to reduce fuel consumption including carpooling to meetings, ensuring proper tire inflation, encouraging good driving practices, telecommuting, utilizing alternative work schedules, purchasing more fuel efficient vehicles, and changing dispatching procedures. The Department purchases approximately 2 million gallons of fuel per year. In FY06, ADPS was able to reduce fuel purchases by about 45,000 gallons, or 2%, without negatively impacting public safety. This resulted in a cost avoidance of approximately $106,800. Changes in staffing levels, price per gallon, public safety needs, etc. may affect savings in future years.

Savings: $106,800

Methodology: Cost avoidance calculated by estimating what would have been spent on fuel.

Redeployment: Not provided.

Background Investigations by Retired Officers

Before a new officer is hired, the Department must conduct a background investigation of the applicant. Traditionally, these investigations have been conducted by DPS officers, but in FY05, DPS began using retired officers to conduct some investigations for a fixed price. The cost avoidance per investigation is about $575.

Savings: $55,600

Methodology: Cost avoidance estimates use the cost per investigation at $575.

Redeployment: Not provided.

Arizona Department of Public Safety (DPS), *Continued…*

Reduced Frequency of Oil Changes

After consulting with vehicle manufacturers, DPS changed its vehicle service schedule, increasing the length of time between oil changes from 3,000 to 5,000 miles in most cases. Over the course of a typical vehicle's life span of 100,000 miles, this change will result in 14 fewer oil changes and a savings of $406.

Savings: $159,600

Methodology: Savings to date from reduced frequencies of oil changes.

Redeployment: Not provided.

"Tan Day" Patrols

In order to maximize presence on the highway system, the ADPS has begun to utilize sworn employees who are assigned to administrative positions to assist the Highway Patrol on busy holiday weekends. The administrative employees typically relieve regular officers from non-enforcement actions (motorist assists, minor collisions, etc.). In FY06, an additional 272.6 hours were worked under this program at a cost savings of $12,200. Cost savings result from not having to pay regular Patrol officers overtime to complete the necessary tasks. The most important aspect of "tan days" is the enhanced public safety fostered by the extra visibility and activity generated by the additional patrols. However, this aspect if difficult to quantify in terms of dollar savings.

Savings: $12,200

Methodology: Cost savings were estimated using the reduction of overtime expected.

Redeployment: Not provided.

Arizona Department of Real Estate (ADRE)

Online Licensing System

In 2005, the Arizona Department of Real Estate launched the first phase of the On-line License Renewal System. This system offers individual licensees the ability to change their residential address and renew their licenses on the internet. The accessibility and ease of use encourages license holders to renew their licenses and comply with statutory requirement to notify the Department within ten days of a change of address. In FY06, this system allowed licensees to perform 12,406 renewals and 19,741 address changes. The Department would have needed an additional 1.5 FTE positions to complete these renewals and changes if the online system had not been in place.

Savings: $0 – Not provided.

Methodology: Equivalent to the cost of 1.5 FTE positions.

Redeployment: Cost avoidances help to reduced the liability on state funds to absorb the increasing costs of ongoing state operations.

Concierge and Drop Box

Between FY04 and FY06, the Department saw increases in Original and Renewal applications filed at 56% and 21%, repsectively. Licensing staff only increased by 18% in this same timeframe. In order to meet the application increases, the Department revised the licensing forms and made them available on the internet with detailed instructions. The Department also moved two on-line kiosks to the front desk area so they are readily visible and staff routinely encourages licensees that can file their application on-line to do so. In May 2006, one licensing staff member was reassigned as a "concierge" to greet walk-in customers, review forms for completeness, and place completed applications in the lobby drop-box. Because of these changes, the Department was able to decrease the application backlog from 9 weeks at the beginning of FY06 to 4 weeks at the end of FY06. Also, the wait time in the licensing lobby decreased from 2-3 hours to less than 15 minutes, and the lines have disappeared.

Savings: $0

Methodology: No dollar figures estimated. Productivity and customer wait time.

Redeployment: Cost avoidances help to reduced the liability on state funds to absorb the increasing costs of ongoing state operations.

Arizona Department of Real Estate (ADRE), *Continued…*

Traffic Ticket

In FY 2004, the new Commissioner brought an increased emphasis on enforcement. Several areas previously not pursued for violations now became subject to discipline. It quickly became apparent that the increased emphasis on and the expansion of the disciplinary process would overwhelm the Administrative Actions Division's ability to manage the caseload. To facilitate the processing of relatively minor, common, and easily quantifiable violations, the Division developed the Accelerated Settlement Agreement (ASA) in January 2006. This one-page "consent agreement" is provided to licensees who 1) fail to disclose convictions, adverse judgments, or other issues to the Department within 10 days as required; 2) continue to conduct licensed activity after their license expires, 3) conduct illegal advertising; or 4) renew on-line without the proper continuing education courses (false application).

The licensee is told that acceptance of the ASA is voluntary and that they are free to continue through the normal disciplinary process. Over 95% of the licensees presented with the opportunity to accept an ASA do so. This project increased the Department's ability to protect the public through statute enforcement. In only 6 months, the Department completed 191 accelerated settlements and generated $163,125 in civil penalties for the General Fund and $670,000 is expected in FY07. The Department does not have enough staff to generate this kind of enforcement through traditional means and would require at least one FTE position, therefore the Accelerated Settlement Agreement program "saved" the General Fund $215,000 in FY06 ($163,125 in revenue and $51,875 in salary/benefits for one FTE).

Savings: $215,000

Methodology: The Accelerated Settlement Agreement program "saved" the General Fund $215,000 in FY 2006 ($163,125 in revenue and $51,875 in salary/benefits for one FTE).

Redeployment: Not provided.

Arizona Department of Revenue (ADOR)

Plain Talk Project

The Arizona Department of Revenue's (ADOR) mission statement is to administer tax laws fairly and efficiently for the people of Arizona. Part of that efficiency involves communicating clearly with the public. With that in mind, ADOR partnered with representatives from the State of Washington to learn about best practices in their Plain Talk program, which makes letters and publications clear and plain spoken for the public. Washington State representatives shared knowledge of their Plain Talk program with ADOR for free (although Washington paid a consultant for their training) in exchange for a reciprocal agreement from ADOR to share audit information with them. ADOR realized a huge savings in cost avoidance by obtaining the Plain Talk knowledge without having to pay consulting fees.

Washington State employees provided the training to several ADOR employees over the course of two days by coming to Phoenix to share their Plain Talk knowledge. At the end of the training, ADOR employees were able to implement their own Plain Talk program.

Most of ADOR's forms, letters and publications deal with complex taxes and laws. The scope of the Plain Talk project was limited to focus on letters in the first round of Plain Talk to keep it manageable. ADOR identified 114 letters as candidates for Plain Talk revisions since this program began in December 2005. To date, fifteen letters are finalized, eighteen await final revision/approval, and the rest are in the inventory waiting to be drawn upon as time permits.

As an efficiency illustration, a review of eight completed "plain talked" letters shows that on average:
- word counts decreased by 183 words,
- reading ease increased by 10.3%, and
- grade level scales decreased by one grade (from 11th grade to 10th grade levels).

ADOR expects to favorably impact over 206,000 taxpayers who will be receiving these clearer letters in the next fiscal year.

Savings: Not provided.

Methodology: Savings can be attributable to benefits to the public and benefits to ADOR from more timely payments and less questions and concerns being expedited. Dollar savings have not yet been determined.

Redeployment: Not provided.

Arizona Department of Revenue (ADOR), *Continued…*

Income Tax E-File

E-file is a tax-filing program that allows taxpayers to file both federal and state income tax returns at the same time through an electronic, web-based application. The E-file Program provides the taxpayers of Arizona with an efficient alternative to paper filing. E-file is a fast, easy, safe, and proven method of filing Arizona income tax forms. There are many participants and business partners involved in the e-file process including tax practitioners, the IRS and many business partners in the community. ADOR is proud to have developed good working relationships with the partners and as a result, the e-file program has a strong record of achievement.

The best measure of customer satisfaction in e-file relates to processing time. The entire e-file process cycle, from when a taxpayer's data is submitted to the IRS to when the taxpayer receives their refund or billing notice, averages between five and seven calendar days; as compared to an average six to eight weeks using the paper process cycle. Internal ADOR efficiencies are realized by data entry employees not having to key in the e-filed tax returns, freeing up their time to key in Corporate and other tax returns. In addition, the error rates of e-filed returns are less than 1%, due to electronic transmission or submission issues rather than data entry errors. These time savings and increased accuracy rates are significant.

ADOR received and processed 735,620 e-filed income tax returns in the 2003 tax year. This number increased to 848,638 e-filed income tax returns in the 2004 tax year. ADOR hit a milestone on August 17, 2005 when the one-millionth e-filed tax return was received. This was the first time one million e-filed tax returns were received in a single tax season. Ultimately, there were 1,015,548 e-filed returns received by the end of the 2005 tax year. Although the current 2006 tax year will not be over until October 20, 2006, the total count received is 1,124,839 e-filed income tax returns.

ADOR was recognized by the Arizona Quality Alliance as a recipient of the prestigious *Showcase in Excellence Award* because of its E-file program in FY2005.

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Arizona Department of Revenue (ADOR), *Continued…*

Computer Based Training Classes

Providing electronic service alternatives to employees is a high priority at ADOR. ADOR is the foremost Arizona agency in Computer Based Training (CBT) development. CBT provides a flexible option for employees to learn at their own time and pace outside of the formal classroom environment. Promotion of CBT also saves human and facility resources and results in cost savings. There are currently 32 CBT courses and three tutorials in use at ADOR. One ADOR-created course, Ethics, was adopted by AzGU in mid-2005 for all State employees to use.

There were two main reasons for the pursuit of a CBT option. The first was due to an IRS requirement that ADOR no longer use live client account information when training employees. (Training staff created eight non-confidential, interactive, CBT courses.) The second reason was in response to the Governor's Executive Order 2003-14, concerning electronic communications in which "…all agencies shall use web hosting to reduce printing costs".

The initial software cost was approximately $16K; but the long term benefits outweigh the start up costs. It costs about $3,500 more for classroom training than CBT per quarter, which is approximately $14K per year; almost the cost of the initial software investment in the first year.

CBT efficiencies are dramatic and include the following:

- Cost per training hour averaged $0.68 for CBT learning versus the comparative $5.18 per training hour cost for classroom training over a three fiscal year period (FY2004, 2005, and 2006).
- Total CBT costs totaled $7,079 over that same period whereas classroom learning event costs were over $36,600.
- There is a 45% increase in employees taking CBT learning over formal classroom instruction.

CBT costs per training hour decreased between FY2004 and FY2006 from $1.61 to $0.44. ADOR's training costs continue to decrease as more employees select CBT options for their training choices.

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Arizona Department of Revenue (ADOR), *Continued…*

Building Permits Program

The Business Reengineering/Integrated Tax System (BRITS) project is being implemented over several years at ADOR. Contracted as a "revenue benefits sharing" project, our vendor will be paid from additional revenues generated by efficiencies gained from the new technology. The project scope encompasses varying activities including conversion of legacy systems to an integrated platform, introduction of new enforcement tools and business process reengineering. All of the project elements combined will result in increased tax enforcement revenue, increased Department efficiency and improved customer service.

A good example of a BRITS success story is in the automation of the Building Permits program. Building Permits are required for any improvement to real property ranging from adding a swimming pool to developing a new neighborhood. There are 105 city & county jurisdictions that report on building permits to ADOR (78 program cities + 12 non-program + 15 counties) on a regular basis.

Before BRITS, working building permits was a completely manual process. It was time consuming and labor intensive to check each contractor record to see if they were properly licensed and compliant. In May 2003 the Audit Division designated seven out of its total nineteen Desk Audit employees to focus on building permits as a result of Governor's Executive Order on efficiency initiatives. By the end of FY04, the efforts of all seven Desk Audit employees generated over $885K in that first year on 403 cases previously not worked.

With the BRITS match automation programming created in July 2004, the manual process was automated. The process is about 75% refined in the way that permits are worked; including generating automated letters to taxpayers. Currently, only four dedicated employees work in the Building Permit section. They generated over 9,700 letters to contractors in FY05, and matched over 1 million building permits which generated revenue in excess of $4.3M. They also generated 6,764 letters to contractors in FY06 which resulted in $3.7M in revenue. The Building Permits program is now the number one revenue generator in the TPT Desk Audit Section.

Savings:	Not provided.
Methodology:	Not provided.
Redeployment:	Not provided.

Arizona Department of Revenue (ADOR), *Continued…*

Tobacco Stamps Project

The Luxury Tax Audit group is responsible for tax administration of liquor and tobacco, including licensing for tobacco wholesalers and the processing of associated tax returns. All cigarettes sold in Arizona must have a valid tax stamp. The Tobacco Enforcement Unit performs inspections and educational visits to ensure compliance with the luxury tax laws. A success story in cost reductions and work efficiency involves investing in a program that yielded great results.

For FY2005, ADOR was appropriated an additional $900,000 for Tobacco Enforcement. Accordingly, stamp sales increased that year by 5,395,800 stamps over FY04. The 5,395,800 stamp increase resulted in an additional $6,351,840 generated in gross revenues. For FY06 ADOR was appropriated $752,000 for Tobacco Enforcement. Stamp sales again increased by an additional 12,062,400 stamps over FY05. This 12,062,400 stamp increase resulted in an additional $14,477,100 generated in gross revenues.

If the stamp sales had leveled off and remained at the FY04 level, gross revenues would have been $6,351,840 less than actual in FY2005 and $20,828,940 less than actual in FY06. Tobacco Enforcement Unit efforts made the difference.

The $6,351,840 increase in additional revenues in FY05 over FY04 generated a return of investment of over $7.00 for every $1.00 dollar appropriated. Likewise, the $14,477,100 increase in additional revenues in FY06 over FY05 generated a return of investment of over $19.00 for every $1.00 dollar appropriated. Therefore, the total $1,652,000 appropriated for the past two fiscal years generated a total return of $20,828,940 in additional revenues which equates to a return of investment of over $12.00 for every $1.00 dollar appropriated.

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Arizona Department of Transportation (ADOT)

Bond Refinancing

The State Transportation Board's bonding program is designed to accelerate the construction of critically needed state highway projects. The Board's program is one of the highest rated programs of any state-level highway transportation issuer in the nation. The STB currently has approximately $1.6 billion of outstanding bonds. ADOT staff manages the Board's bonding program. In order to maintain flexibility and take advantage of potentially lower future interest rates, most STB bond issues are structured with certain "call" provisions. These call provisions allow the Board to advance refund bonds if interest rates fall, thereby allowing the Board to take advantage of lower rates. Using this technique, the Board recently refunded approximately $150 million of Highway User Revenue bonds. This refunding will save the state $7,833,066.34 in interest costs over the course of the next seventeen years. Annual savings vary by year, with a low of $424,443 in FY12, to a high of $530,741 in FY06.

Savings:	$2.5 million
Methodology:	Calculated using actual previous bond information and compared to reissued bond information.
Redeployment:	Reverts to State Highway Fund for Reinvestment in new or accelerated highway construction projects.

Vehicle Return

This program focuses on improving the utilization of State vehicles and reducing the size of the vehicle fleet. A letter from the ADOA Director placed a standard of a minimum of 1,000 miles per month of state vehicles under 8,500 pounds gross vehicle weight (Light Class Vehicles). Vehicles identified with a utilization of less than 1,000 miles per month should be systematically reviewed to determine if the assets should be retained or turned in for disposal. An efficiency and cost savings came to be realized if the size of the vehicle fleet is reduced.

Savings:	$1.02 million
Methodology:	Calculated using historical Asset amounts with post initiative implementation Asset amounts.
Redeployment:	Reverts to State Highway Fund for Reinvestment in new or accelerated highway construction projects.

Arizona Department of Transportation (ADOT), *Continued...*

Vehicle Usage

ADOT spends about $250,000 annually in Privately Operated Vehicle (POV) reimbursements. The Agency realized that one strategy to increase fleet usage would be to reduce the use of POVs. It was determined that POV trips greater than 74 miles were more expensive than using a fleet vehicle. ADOT implemented a policy that only the first 74 miles of POV travel would be reimbursed.

Savings:	$695,000
Methodology:	Calculated by comparing historical amounts spent on POVs compared to post initiative implementation amounts spent on POVs.
Redeployment:	These are Privately Operated Vehicle reimbursements. Each org will use their savings to off set operating cost increases or replace worn-out equipment.

Arizona Highways Magazine (AHM) Printing Contract

Printing is a major element of AHM's annual expenditures at approximately $1 million. AHM sent RFPs to 11 vendors and nationally advertised for a new printing contract. Low bids cut $175,000 from current contract. Additional contract provisions resulted in $50,000 savings from the remainder of the existing contract and a new contract provision that revises the processing schedule may add an additional $20,000 in savings.

Savings:	$1.025 million
Methodology:	Compared previous contract costs with new contract costs.
Redeployment:	AZ Highways is an enterprise operation so the savings will be redeployed to cover increase costs of utilities and other production costs.

Auto Parts Contract

ADOT was the Strategic Contracting Center for a new statewide auto parts contract. The contract covers the 200 most purchased auto parts. As a result of negotiating a new contract, ADOT expects to realize an annual cost savings of $86,000.

Savings:	$430,000
Methodology:	Compared previous contract costs with new contract costs.
Redeployment:	Savings from the new parts contract will be recycled back into ADOT's Equipment Services fund for fleet maintenance and equipment replacement.

Agency Efficiency Review Accomplishments, *Continued…*

Arizona Health Care Cost Containment System (AHCCCS)

Outpatient Methodology

On July 1, 2005, AHCCCS implemented a new outpatient hospital fee schedule. This allowed AHCCCS to align outpatient rates with appropriate costs in order to provide more equitable and manageable payments for outpatient services. The new fee schedule is available on the AHCCCS website at www.azahcccs.gov.

Savings: $61.5 million Total Fund (approximately $20 million General Fund)

Methodology: Estimates are based on 2003 vs. 2004 drug prices and utilization patterns and on the number of members currently on stepped therapy drugs.

Redeployment: Savings are used to minimize the effects of medical cost inflation on state and federal funds.

Healthcare Group of Arizona (HCGA)

Changes in Healthcare Group of Arizona (HCGA) legislative restrictions have permitted greater flexibility in benefit packages offered and have broadened the functions and administration of the program. This has enabled HCGA to cover more Arizonans, some of whom would be Medicaid eligible based on current income levels. HCGA recipients receive health care through benefit packages in which they pay premiums. Since FY06, premiums have allowed this program to become self-sufficient and it no longer requires government subsidies for program administration.

As of July 2005, approximately 1,564 HCGA members are assumed to be Medicaid or SCHIP eligible (10.12%). It is estimated that if these individuals were to be enrolled in AHCCCS, the cost would be shifted to the State and the Federal Government.

Savings: $8.7 million Total Fund (approximately $2.8 million General Fund)

Methodology: Cost avoidance is calculated using the percentage of HCGA member that would be potentially eligible for Medicaid and SCHIP services as applied to the cost of those services.

Redeployment: Cost avoidances are used to minimize the effects of medical cost inflation on state and federal funds.

Arizona Health Care Cost Containment System (AHCCCS), *Continued*

Fee-For-Service (FFS) Prescription Benefit

Since 2003, AHCCCS has been able to save or avoid costs at approximately over $450,000 due to implemented pharmacy opportunities for Fee-For-Service (FFS) members as identified below:

- Adoption of step-therapy guidelines to encourage prescribing of generic or low-cost brand drugs,
- Diagnosis and age-appropriate criteria for use of selected drugs, and
- Quantity limits per prescription of selected drugs.

Savings:	$466,750 Total Fund (approximately $152,000 General Fund)
Methodology:	Estimates are based on 2003 vs. 2004 drug prices and utilization patterns and on the number of members currently on stepped therapy drugs.
Redeployment:	Savings are used to minimize the effects of medical cost inflation on state and federal funds. In addition, figures are reported as total fund dollars, and do not specify General Fund amounts.

340B Pricing

As a result of a contract awarded in FY06, AHCCCS is able to purchase anti-hemolytic blood factors from a 340B entity for AHCCCS members with bleeding disorders. 340B entity pricing is approximately 20% lower than average net Medicaid pricing based on other drug rebate states.

Savings:	$4.6 million Total Fund (approximately $1.5 million General Fund)
Methodology:	Estimates are based on previous purchase rates of anti-hemolytic blood factors.
Redeployment:	Cost avoidances are used to minimize the effects of medical cost inflation on state and federal funds. In addition, figures are reported as total fund dollars, and do not specify General Fund amounts.

Agency Efficiency Review Accomplishments, *Continued…*

Arizona Health Care Cost Containment System (AHCCCS), *Continued*

Claims Payments

By working with providers and AHCCCS contracted health plans to increase electronic claims submissions for the past few years, the Agency was able to save costs of approximately $32,000 for the reduction of one full-time equivalent (FTE) position. AHCCCS has also been able to increase timeliness in claims payments, avoiding costs of over $300,000 through obtaining quick payment discounts and avoiding slow payment penalties.

Savings: $332,000 Total Fund (approximately $108,000 General Fund)

Methodology: Estimates are based on Quick Payment Discount less Slow Payment Penalties. These items are a direct result of being able to process claims more quickly through electronic means.

Redeployment: Cost avoidances are used to minimize the effects of medical cost inflation on state and federal funds. In addition, figures are reported as total fund dollars, and do not specify General Fund amounts.

Agency Efficiency Review Accomplishments, *Continued...*

Arizona Office of Tourism (AOT)

Online Request Form

With the implementation of a new online information request form, the Office of Tourism was able to increase its website traffic 77 percent and reduce volume at its call center, saving $208,000. (The contracted call center charges the state $1 per minute/per call, with an average inquiry lasting between 1 and 2 minutes.) Reduced call center traffic resulted in reduced data entry service needs, saving an additional $41,000. Additional efficiency by-products of the on-line request form were shortened fulfillment time and increased accuracy in client mailings, resulting in enhanced customer service quality level.

Savings: $249,000

Methodology: Estimates are for FY03 only.

Redeployment: Not provided.

"KidZone"

With the introduction of a "KidZone" section on its website in September 2003 (www.arizonaguide.com/kidzone), the Office of Tourism saved $120,000 in FY04 and expects to continue similar savings annually. Kidzone, which provides on-line information that children and young adults use for school reports, enables AOT to recoup printing and mailing costs associated with 30,000 requests it receives annually. (Between January and September 2004, Kidzone received 57,000 page hits.)

Savings: $120,000

Methodology: Estimates are for FY04 only.

Redeployment: Not provided.

Increased Web Traffic and Postcards

Tourism reaped a $130,000 cost savings through continued increased Web traffic, combined with implementation of a new postcard system for pre-qualifying requests for a state travel packet. Before sending out printed material, AOT sent 107,542 postcards to individuals requesting products (such as its Official State Visitors Guide) to determine precisely what printed material clients wanted. Printing and mailing of postcards costs about $1 each.

Savings: $130,000

Methodology: Estimates are for FY04 only.

Redeployment: Not provided.

Arizona Office of Tourism (AOT), *Continued…*

Web Initiatives

Plans for a major redesign of Tourism's Websites to make it easier and less time consuming for on-line visitors to navigate and also provide ADA compliance features. Addition of the high quality Official State Visitors Guide to the Web site will save additional dollars in printing and mailing by allowing visitors to download and view the entire or portions of 128-page guide to their computers. As Website traffic continues to grow and call center volume tapers off, additional dollar savings will accrue to the state.

In FY06, AOT secured funding, received approvals and contracted for the design and development of all three AOT websites: www.azot.gov (AOT business site); www.ArizonaGuide.com (AOT's official website for visitor information); and www.arizonavacationvalues.com (which provides vacation values, special offers and discounts for travelers to Arizona). The new website will launch early in FY07.

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Arizona Office of Tourism (AOT)

Web Initiatives

In FY06, AOT secured funding, received approvals and contracted for the design and development of all three AOT websites: www.azot.gov (AOT business site); www.ArizonaGuide.com (AOT's official website for visitor information); and www.arizonavacationvalues.com (which provides vacation values, special offers and discounts for travelers to Arizona).
The new website will launch early in FY07.

Savings:	Not provided.
Methodology:	Not provided.
Redeployment:	Not provided.

Arizona Registrar of Contractors (AROC)

Web Based Services

This Efficiency rEview project involved several components. These components include ROCNet, Online Cole Directory, Online PIP Survey, ROC website revision, and online renewals.

Savings: $65,252

Methodology: Total of savings associated with all components.

Redeployment: Not provided.

Postage and Printing Policy Change

Description not provided.

Savings: $6,250

Methodology: Total of savings associated with all components.

Redeployment: Not provided.

Resource Use Efficiencies

Efforts under this umbrella include areas such as electronic calendars, cell phones, and department reconfigurations.

Savings: $10,943

Methodology: Not provided.

Redeployment: Not provided.

Arizona State Land Department (ASLD)

Land Appraisals

All land is appraised prior to disposition. A.R.S. § 37-108 (D) allows the commissioner to accept prepayment for the estimated cost of an appraisal from the applicant. The applicant is reimbursed for this cost if they are not the successful bidder at the auction. The Department is encouraging applicants to make this prepayment. This has resulted in an increase of about $125,000 in prepaid appraisals.

Savings:	$125,000
Methodology:	Increase in prepaid appraisals.
Redeployment:	Cost avoidance has allowed the Department to not ask for additional resources to cover the increase in volume and cost of appraisals.

Fleet Reduction

The Department analyzed vehicle use and returned three vehicles to the motor pool in FY04. The savings of about $14,800 is used to help cover the FY04 increases in retirement and health care costs that were not funded.

Savings:	$14,800
Methodology:	Vehicle value estimate.
Redeployment:	Savings were used to help cover the FY04 increases in retirement and health care costs that were not funded.

Mail Machine Replacement

The Department replaced its mail machine at the end of FY06. One of the features of the new machine is the ability to send "e-certified" mail instead of the traditional certified "green cards". Instead of receiving physical signature cards for certified letters sent, the U.S. Post Office either retains the signature for two years, for access when needed for a fee, or sends it to a third party for download by the Department. The cost for sending "e-certified" mail is less expensive than the traditional certified mail. It is estimated that ongoing savings of about $1,300 will be realized.

Savings:	$1,300
Methodology:	Not provided.
Redeployment:	The savings helps pay for the additional maintenance costs of the new mail machine which replaced a soon to be obsolete machine.

Agency Efficiency Review Accomplishments, *Continued...*

Arizona State Parks

Volunteers

Arizona State Parks could not operate its parks without volunteers. To meet revenue estimates, Arizona State Parks is working to increase visitation. With a cap on FTE positions, a goal of increasing volunteer hours by 5% annually will help us manage the increased visitation. A new section has been created from existing staff to facilitate increasing volunteer staff. A volunteer program manual was created to standardize the program and allow the Park Managers to concentrate on volunteer management (recruitment, daily operations, evaluation, training, recognition, dismissal).

Savings:	$3.9 million
Methodology:	Over 175,000 hours of volunteer time is equal to 85 full-time employees or annual savings $3.9 million.
Redeployment:	Not provided.

Kartchner Internet Reservation System

When Kartchner Caverns first opened, tours were full and telephone lines were busy. As sales began to slow, it was difficult to convince people that tours were available as any marketing would again jam the telephone lines. An internet reservation system was implemented in FY06 to address several issues. Reservations were now available 24 hours a day, seven days a week. Reduced call volume allowed current call center employees to expand the call center to 7 days a week. A reduction of 2 FTEs offset the costs of the internet system and allowed an employee to be assigned full-time to handle group tour reservations.

Savings:	$99,600
Methodology:	Staff time savings.
Redeployment:	Not provided.

Staff Use of Park Facilities

Due to the remoteness of some of our parks, several employees have opted to camp at the park as opposed to traveling to a hotel. With the addition of cabins and other park facilities, more employees are opting to stay at the parks and reduce their in-state travel costs. Even Board members are scheduling overnight meetings at parks with facilities, such as Tonto Natural Bridge State Park. Since tracking this initiative in FY05, over 456 nights have been stayed at park facilities.

Savings:	$27,000
Methodology:	Estimated savings for reduced travel costs.
Redeployment:	Not provided.

Arizona State Parks, *Continued…*

Free Publicity

Arizona State Parks is dependant upon visitor revenues to operate the parks. However, marketing dollars are scarce. Using news stories and partnerships, Arizona State Parks has made these dollars go a long way.

- Over 1,100 news articles in publications such as the LA Times, Washington Post, Seattle Times as well as local papers in 2005. Readers are only collecting a small percentage of what is actually running the papers. On track to exceed these numbers in 2006. Value is estimated at more than $500,000.
- TV shows in Germany and on Animal Planet and Telemundo. Value is estimated at more than $1,000,000.
- Partnering with AOT and Channel 3 to broadcast live from parks. Value is estimated at more than $100,000.
- Partnering with AZ Highways for an issue solely devoted to State Parks. Issues are distributed worldwide to more than 1 million people.
- Partnering with the Arizona Lottery to promote the State Parks as well as to promote "Where the Money Goes" for Heritage Fund Dollars. Value is estimated at over $25,000.
- Partnering with the Arizona Office of Tourism to promote Arizona's outdoor recreational and cultural resources including the 30 State Parks. The value is estimated at more than $100,000 with the advertising, special events, collateral material, and travel editor public relations support for the Parks.

Savings: $1.7 million

Methodology: Cost avoidances are estimated from FY05 to date and do not include the September Issue of Arizona Highways devoted to the State Parks system.

Redeployment: Not provided.

Paperwork Reduction

With increased demands on staff, the prioritization of work is essential. With the advent of the procurement card, Arizona State Parks issued 137 to employees to reduce reliance on checking accounts. With reduced reliance on these checking accounts, staff realized that it was costing over $2,000 annually to process $200 in interest. Reducing the size of these accounts yielded not only these annual savings but reverted $41,800 to the General Fund in FY06.

Savings: $41,800

Methodology: Estimated savings for reduced travel costs.

Redeployment: Not provided.

Government Information Technology Agency (GITA)

Arizona 2-1-1 Online

GITA has worked in partnership with several State agencies in the creation of Arizona 2-1-1 Online. Arizona 2-1-1 Online is a database of health, human service, and emergency response information that is available to the public. In the first year of operation, over 200,000 people visited the website for information. The development cost for Arizona 2-1-1 Online was $492,000 and the estimated five year operating costs are $495,000. Therefore, the total cost for developing and operating Arizona 2-1-1 Online over a five year life cycle is $197,400 per year. There have been about 200,000 visits to Arizona 2-1-1 Online in its first year of operation. Hence, the average cost per visit is $.98. Nationally, the average price per call to a 2-1-1 system is $11.38. So Arizona is providing the same information at a substantial savings, $10.40 per contact or $2.08 Million per year (assuming a constant usage of 200,000 visits over the five years).

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Secured Gateway

The Secure Gateway on the Arizona @ Your Service (AAYS) Web Portal cost about $500,000 to build and deploy. Currently, it is used by 22 agency applications. Each agency is avoiding costs of approximately $100-$250K by using this common infrastructure. Thus, agencies have avoided approximately $3.85 million in total costs — roughly a 770% ROI.

Savings: $3.85 million

Methodology: Avoidances related to before and after costs. Project began 10/31/03.

Redeployment: Not provided.

Portal Mapping System

The AAYS mapping service was developed at a cost of about $100,000 and is currently used by four agencies. Each additional agency has avoided costs of $100,000 in development costs for a total State savings of $300,000 — a 300% ROI.

Savings: $300,000

Methodology: Avoidance related to decreased development costs. Project began 10/30/03.

Redeployment: Not provided.

Government Information Technology Agency (GITA), *Continued...*

Common Licensing System (CLS)

Five agencies are currently using CLS, and over forty agencies are interested in utilizing this system over the next two years. With each agency that is added to the system, the marginal cost of adding new agencies to the CLS diminishes. So the total cost per agency is impossible to determine before the total customer base is known. However, agencies that have begun using CLS are averaging a $10 per transaction reduction in cost for processing renewals. The CLS has other ROI's that are not as measurable. For example, the Department of Real Estate has been able to handle a 20% annual increase in the number of real estate applications processed without any additional revenue from the State's general fund by diverting 67% of their license renewal applications to the web.

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.

Payment Processing Engine

The AAYS Payment Processing Engine interfaces directly with Arizona's Financial Information System (AFIS). The interface automatically generates and transfers accounting information to the State's central accounting system for posting. This eliminates the requirement for agencies to manually enter their daily sales information into AFIS, thereby avoiding data entry errors and duplicative work. Project began 1/16/03

Savings: Not provided.

Methodology: Not provided.

Redeployment: Not provided.